

1 time, we had to send out to them, in effect, a ballot. Do
2 you want to take it in 10 cents on the dollar, or do you
3 want the shares? Most elected to take the money.

4 Q You did that, and then a number of people
5 thereafter indicated they wanted the shares of Reading
6 stock.

7 A That's correct. Some had no choice. The STV
8 Reading, Inc. people had no choice. They had to take stock.

9 Q Now that brings us up to, apparently, August of
10 1991. And at that time, an application is prepared to file
11 with the Federal Communications Commission. And that
12 application, among other things, lists a number of new
13 individuals who are going to become shareholders in Reading
14 when it emerges from bankruptcy. Is that an accurate
15 understanding?

16 A That is an accurate statement. And I think just
17 on your refreshing my memory, then the balloting would have
18 taken place before that, and then -- so that we, at the time
19 we filed, knew who those people were going to be, yes.

20 Q And now I would like to refer to Adams 21.

21 A Yes.

22 Q When you look at the numbering on the bottom of
23 the pages --

24 A Yes.

25 Q Now as I look at this document, beginning at the

1 bottom of numbered page 3, there is a listing of individuals
2 who hold shares in debtor and possession and who are also
3 either officers or directors. And that list goes from
4 page 3 to page 5. Do you see that?

5 A Yes.

6 Q Am I characterizing it accurately?

7 A Yes.

8 Q Now beginning on page 5, there is a listing of
9 shareholders. And again, it includes information about
10 whether they hold an office or whether they are also a
11 director.

12 And as I read this, it appears to me that the
13 names that begin with Henry N. Aurandt, M.D., that appears
14 on page 5 and extends to Donald E. Stoudt, S-T-O-U-D-T,
15 toward the bottom of page 6, those are simply the same
16 people who had held shares previously in Reading.

17 A I would have to compare it, but I'll take your
18 word for it, yes. That appears to be that way, yes.

19 Q In other words, beginning with David L. Heyman
20 (phonetic) and then extending to page 8, concluding with
21 Partel, those persons or entities, with the exception of
22 yourself, who is not receiving stock personally -- you are
23 not receiving stock?

24 A Yes.

25 Q Those persons who are listed are the new people

1 who are going to be getting an interest in Reading?

2 A That is correct.

3 Q Now I believe the record reflects that the
4 Commission granted that application on or about
5 August 27, 1991.

6 A Yes.

7 Q In questioning yesterday, and from information
8 that appears in Adams 27 on the second page with respect
9 to -- or that document rather is the settlement agreement in
10 a dispute that existed between a number of people who were
11 involved in Reading.

12 A Yes.

13 Q Something happened on September 14, 1991. And
14 what was it that happened on September 14, 1991?

15 A On September 14, 1991, Dr. Aurandt attempted to
16 hold a shareholders' meeting and -- which was disputed, and
17 a directors meeting, which was disputed.

18 Q Now, I believe in testifying about this, you
19 mentioned that one of the events that was related to this
20 set of meetings was the resignation of a director?

21 A Yes.

22 Q Did I hear that correctly?

23 A That is correct.

24 Q Who was --

25 A Dr. Fischer resigned from the board of directors.

1 Q Now how is that -- was that resignation effective,
2 or was there some legal impediment to that so far as you
3 understood at the time?

4 A No. The resignation was effective, as far as -- I
5 don't think that was ever disputed. You can't force
6 somebody to serve on a board. If they want to resign, they
7 resign.

8 MR. SHOOK: I don't pretend to know everything.

9 JUDGE SIPPEL: You don't have to accept his
10 resignation, do you?

11 THE WITNESS: I don't think you have a choice on a
12 director/corporation relationship.

13 BY MR. SHOOK:

14 Q In any event, so your understanding is that
15 Dr. Fischer resigned. How did Dr. Fischer communicate that
16 resignation?

17 A He wrote a -- to the best of my recollection, he
18 wrote a letter to then Dr. Aurandt resigning from the board
19 of directors.

20 Q When was this information about Dr. Fischer's
21 resignation communicated to you?

22 A On about the -- I want to say it was either 10:00
23 at night on the 12th of September, or it could have been on
24 the -- I had to get enough time to be on a red-eye airplane.
25 So I think it was on about the -- it was the 12th, yes.

1 Q And that triggered some action on your part?

2 A Yes.

3 Q What action did it trigger?

4 A I went on a red-eye airplane in Los Angeles and
5 flew to Reading, Pennsylvania.

6 Q To do what?

7 A I was president of the corporation, and under the
8 bylaws of the corporation, the president presides at all
9 shareholder meetings and director meetings.

10 Q So the purpose of your flight was to attend a
11 shareholders meeting and a directors meeting?

12 A Well, I don't know the legal term for it, but in
13 my opinion it was an illegal meeting because I hadn't gotten
14 any notice of it, or at least timely notice of it. So I
15 went there for the purpose of declaring that it was not a
16 legal meeting. But, yes, I -- what do they call it, an
17 imputed or something meeting? It purported to be a meeting,
18 and I went to it.

19 Q I'm not worried about the legality of the meeting.

20 A I understand.

21 Q I am looking at the purpose for your flight, and
22 that was to --

23 A That was the purpose of my flight.

24 Q To attend those meetings?

25 A That is correct.

1 Q Now referencing again Adams 20, do you have that
2 in front of you?

3 JUDGE SIPPEL: Before you pass off of 21, I don't
4 have an entry in here as having received this into evidence.
5 You need to do it in two places. For purposes of the
6 record, I want to be sure that it is in. I am going to
7 receive it at this time into evidence. This is Exhibit --

8 MR. SHOOK: I'd happily move it in.

9 JUDGE SIPPEL: I beg your pardon?

10 MR. SHOOK: I'd happily move it in.

11 JUDGE SIPPEL: Well, I am assuming that it wasn't
12 moved in. It was intended to be moved in.

13 MR. BECHTEL: Certainly.

14 JUDGE SIPPEL: And I don't think there is any
15 objection to this, is there, Mr. Hutton?

16 MR. HUTTON: No, sir.

17 MR. BECHTEL: I so move.

18 JUDGE SIPPEL: All right. Well, it is received in
19 evidence as Adams Exhibit 21.

20 (The document referred to,
21 previously identified as Adams
22 Exhibit No. 21, was received
23 in evidence.)

24 JUDGE SIPPEL: I'm sorry. Go ahead.

25 THE WITNESS: Are you talking about 21 now?

1 MR. SHOOK: No. Now we --

2 THE WITNESS: I thought you said 20.

3 MR. SHOOK: 20.

4 JUDGE SIPPEL: Yes. I'm the one that was talking
5 about 21. This was my thing.

6 THE WITNESS: Oh, all right, Your Honor.

7 JUDGE SIPPEL: He wants you to go now to 20 to
8 answer some questions.

9 THE WITNESS: Okay.

10 BY MR. SHOOK:

11 Q Now, focusing on the first page of Adams 20, it
12 appears that the bottom of the document on the last line,
13 where handwriting appears, ignoring that No. 246 on the
14 bottom right-hand corner, after the word "date," it appears
15 9-9-91 is the date that is handwritten in there.

16 A Yes.

17 Q I cannot make out the signature, but I would
18 assume that refers to H. Marvin Mercer?

19 A That's correct.

20 Q What is it that Mr. Mercer is doing on
21 September 9, 1991? I don't need a, you know, legal --

22 A I understand.

23 Q -- long explanation.

24 A I believe in court, the lawyer takes the proposed
25 order to the judge to sign. I think what he is doing is --

1 well, no, this is signed by me. He is actually filing the
2 debtor's amended sixth modification of the debtor's fourth
3 amended plan of reorganization with the court.

4 Q And one of the things about this sixth
5 modification, if you turn to the next page, is that the
6 effective date of the plan apparently was supposed to be
7 September 17, 1991.

8 Do you see what I am referring to?

9 A Yes, that is correct.

10 Q Again, a brief layman's explanation of what is
11 supposed to happen on September 17th.

12 A Well, a whole series of events were to take place
13 triggered on September 17, 1991. All the stock was canceled
14 in the former corporation. That is only one of the things,
15 though.

16 Q Well, that is the one that interests me the most.

17 A Okay.

18 Q All right. So on September 17, the people who
19 have certificates in Reading Broadcasting, Inc., debtor in
20 possession, those certificates essentially disappear --

21 A That is correct.

22 Q -- from the legal standpoint.

23 A Yes.

24 Q Now what is supposed to happen next for them in
25 terms of their stock interest? They are supposed to get

1 something in return or in place of the stock in Reading
2 Broadcasting, debtor in possession, are they not?

3 A That is correct. The next thing that happens was
4 on the 17th, we would cease to be a debtor in possession.
5 We would be a new corporation, and new share certificates
6 were to be issued not only to them but to all of the other
7 creditors who would now become shareholders.

8 Q And did that in fact take place?

9 A Not on the 17th, but I believe October 15th is the
10 date of issuance. That did take place, yes.

11 Q In that sense, if you could please refer to
12 Adams 24.

13 A Yes. These are certificates that replace those
14 that were issued on October 15th.

15 Q So on October 15th, the individuals who had
16 previously held shares of Reading Broadcasting, Inc., debtor
17 in possession --

18 A Yes.

19 Q -- either physically handed them in, or from a
20 legal standpoint they became worthless.

21 A That is correct.

22 Q And in turn, what they received is reflected in
23 Adams 24.

24 A That is correct.

25 Q Now is there supposed to be a correlation between

1 the information that appears in Adams 24 with the
2 information that appears on pages 5 through 8 of Adams 21?
3 And take a few moments to just compare the two so that you
4 feel comfortable with your answer.

5 Now in fairness, I want to point something out;
6 that the share numbers that are reflected at the top of the
7 page --

8 A Yes.

9 Q -- are referenced by the date December 31, 1991.

10 A That is correct.

11 Q I'm not sure if the share numbers referenced at
12 the top are also supposed to reflect what happened on
13 October 15th.

14 A No. Maybe I can explain that.

15 Q Please do.

16 A December 31st was the date that we finalized the
17 bank documents. The bank was the secured creditor. And the
18 bank insisted on the reissuance of the stock of October 15th
19 in order that their legend appear there.

20 And I think there were some other minor
21 discrepancies that were cleared up during the time between
22 October 15th and December 31st. And all of those things
23 were worked out over that period of time between the bank's
24 counsel, the bankruptcy counsel, and the various other
25 parties involved.

1 Q Well, let me point to you, you know, what it is
2 that is leading to that question.

3 A Sure.

4 Q And then perhaps it will help you understand what
5 I am looking for. If you look at Adams 21, page 8, there is
6 a reference there to Partel, Inc., and there are a number of
7 shares that are to be issued to Partel, Inc., according to
8 that list.

9 A Yes, sir.

10 Q Now when you look at Adams 24 --

11 A Yes.

12 Q -- there are two different share numbers
13 represented. I should say number of shares represented, the
14 top number being 124,402, issued on December 31. And then
15 when you go down a little bit further, it indicates that
16 124,401, and then there is some additional handwriting in
17 there, 124,402.

18 Now what was issued to Partel on October 15th, if
19 you can tell from this?

20 A I believe 124,401 shares. And I notice that the
21 handwritten says, "Plus original issue of one share." And
22 the only thing I can infer from that is that -- I didn't do
23 the stock certificates, so I don't know what the bankruptcy
24 counsel did there, whether they issued one share in the
25 beginning to open this share register or what. But --

1 Q On October 15th, who did issue the stocks, the new
2 stock share?

3 A Well, I signed the certificates. But the
4 bankruptcy counsel, Mr. Mercer, prepared those certificates
5 in accordance with the plan. And frankly, I don't recall
6 this one share, what it was. I am seeing the same thing you
7 are seeing.

8 Q Well, so one of the things that I am seeing is
9 that there is a difference of roughly 6,000 shares between
10 what is listed --

11 A Oh, that I can explain.

12 JUDGE SIPPEL: Let him finish the question.

13 THE WITNESS: I'm sorry.

14 BY MR. SHOOK:

15 Q Well, you anticipated where I was going, just
16 fortuitous, but you did. So what happened?

17 A Okay. The bank in the negotiations originally --
18 in the original plan, we were paying the bank \$500,000 as an
19 upfront payment. We didn't have \$500,000. And in order to
20 implement the plan, we had to make a deal with the bank.
21 And the deal that was made with the bank was that they would
22 forego the \$500,000 in return for an equity kicker of
23 6-1/4 percent. And the determination was made by bankruptcy
24 counsel that that could not flow through the corporation for
25 some reason. And I don't recall the reason. But the end

1 result was that Partel received the 6-1/4 percent of the
2 company and holds those shares with a warrant to the bank
3 for those 6-1/4 percent shares. And that was the difference
4 between the two.

5 Q So something happened between August of 1991 and
6 October of 1991 in terms of the agreement between the
7 company and the bank, the company being Reading
8 Broadcasting, Inc., and the bank, Meridian Bank?

9 A I believe so. I don't know the exact date that it
10 occurred. But it -- in other words, the final thing could
11 have happened between October and December 31st. Clearly,
12 it happened between August and December. And I'm not sure
13 of the exact date.

14 Q Well, if it occurred -- if that was the time -- if
15 that was the possible time range, would there be an
16 explanation as to why there was a difference in the number
17 of shares noted in the plan that was submitted to the FCC in
18 August with that application, and then what is reflected on
19 October 15th?

20 A You're correct. It had to have happened between
21 August and October 15th, or otherwise they wouldn't have
22 issued the shares to me of 124,000 on October 15th. So it
23 had to be in that time period. That is correct. In fact, I
24 am sure it occurred before -- it must have occurred in
25 August and September.

1 Q I am going to skip certificate 2A, which
2 appears -- which would be the second page of Adams 24. I
3 may get back to that in a bit. But moving to the third page
4 of Adams 24, where it says certificate 3A --

5 A Yes.

6 Q Now apparently then there is a complete match
7 between what was supposed to be issued to Dr. Denby, as
8 reflected in Adams 21, page 5. Do you have that?

9 A That is correct.

10 Q According to what I see, Dr. Denby was supposed to
11 receive 19,922 shares.

12 A Yes.

13 Q And in fact, that is what he received on October
14 15th.

15 A That is correct.

16 Q Turning the page for Adams 24 and moving to
17 certificate 4A, Mr. Cohen received 12,067 shares, and that
18 was what he was supposed to receive according to the plan
19 that was submitted to the Commission.

20 A That is correct.

21 Q I'll do one more example out of surprise. Turning
22 the page again on Adams 24, Dr. Longenecker --

23 A Yes.

24 Q Am I pronouncing that correctly -- and his wife
25 were to receive 15,413 shares. And that in fact was what

1 they received.

2 A That is correct.

3 Q Now moving back to certificate 2A --

4 A Yes.

5 Q There appears to be -- when you compare
6 certificate 2A with the information that appears in Adams
7 21, there appears to be a fairly substantial difference
8 between what is proposed to the FCC and what is actually
9 issued to Dr. Aurandt. Can you explain what is going on
10 there?

11 A Yes. Dr. Aurandt sent a letter to the corporation
12 insisting that all of the shares be listed in his and his
13 wife's name. There were in the original shareholdings of
14 Dr. Aurandt a number of different entities that he
15 controlled, a pension plan of he and his wife, himself
16 individually. I believe that Exhibit 21 brings all those
17 together in a cumulative amount. But there were individual
18 amounts to different entities.

19 He indicated in a letter to the corporation he
20 wanted it to reflect just he and his wife. And under
21 Pennsylvania law, it is very difficult if you have a
22 judgment against an individual to collect if it is held in
23 joint tenancy, and the corporation had received a
24 garnishment of -- I'm not sure what date that came on, but I
25 know it was all mixed up in Dr. Aurendt's shares.

1 The end result was that by the end of the day, the
2 settlement agreement and so on, all of it was taken care of
3 to everyone's legal satisfaction.

4 Q By the settlement agreement, you are referring to
5 Adams 27?

6 A I believe, yes, that is correct.

7 Q So if I understand the time sequence right,
8 apparently the corporation had not -- the corporation,
9 meaning Reading Broadcasting, Inc., debtor in possession --
10 by August of 1991, had not yet received the garnishment with
11 respect to Dr. Auredt's stock?

12 A I do not believe so, no, it had not.

13 Q Now this brings me to Adams 22, which is a
14 one-page letter dated October 22, 1991.

15 A Yes.

16 Q Now the issuance of stock, according to what we
17 just went over, took place on October 15, 1991.

18 A That is correct.

19 Q What is it that happened between -- or what is it
20 that triggered the October 22, 1991, letter from
21 Ms. Friedman to the Commission?

22 A Well, again we are talking about the --
23 consummating the move from debtor in possession to an
24 operating corporation outside of the protection of
25 bankruptcy court, if you will. And there were a whole

1 series of events that had to take place, not just the
2 issuance of stock.

3 Q Could you briefly describe --

4 A Well, the largest of those was the issue of the
5 bank. And the -- as I said, the plan had a broad outline,
6 but between that date, which was in September, I think, and
7 December 31st, when I signed the documents, there were
8 hundreds of issues that we went through with the bank, in
9 terms of collateral, in terms of all of the various loan
10 documents.

11 Like I said, there were about two and a half feet
12 of documents that on December 31st were signed and executed
13 to include reissuance of the stock certificates to the
14 bank's satisfaction, changes in the collateral situation,
15 even the terms of the loan, to meet the secured creditors --
16 in a chapter 7, secured creditors have all kinds of -- or in
17 a chapter 11, I'm sorry -- secured creditors have all kinds
18 of rights.

19 We had to meet all of those, and did so. But it
20 took longer than what was anticipated. And in terms of
21 order or the previous filings that we had made with the
22 Commission and the FCC counsel, who was -- I mean, I had
23 more attorneys during this time going through to make this
24 all work.

25 They advised the Commission that we hadn't moved

1 from debtor in possession to --

2 Q Operating --

3 A -- operating corporation. And we had an extension
4 of time. And that is what they applied for and was granted.

5 Q So in other words, the issuance of stock was only
6 one aspect of what you had to accomplish. And so there were
7 a number of other things that you had to do. You weren't
8 going to have the time to do them, hence, the request for an
9 extension of time?

10 A That is correct.

11 Q That brings us next to Adams 25.

12 A Yes.

13 Q This was a letter that you had prepared and sent
14 out to the shareholders?

15 A That is correct.

16 Q This was for all of the new shareholders now?

17 A Well, all the shareholders. This letter went to
18 everybody.

19 Q Okay. I perhaps put a gloss on that that I didn't
20 intend to. By new shareholders, I mean the shareholders now
21 in Reading Broadcasting, Inc., as opposed to the
22 shareholders of Reading Broadcasting, Inc., debtor in
23 possession, who essentially no longer existed.

24 A That is correct. You are correct.

25 Q Then we come to the meeting of October 30, 1991,

1 itself, the shareholders meeting, at which time new
2 directors were elected, correct?

3 A That is correct.

4 Q Now it was clear at that time that Dr. Fisher was
5 not a director and was not going to be a director, correct?

6 A That is correct.

7 Q That now brings us to Adams 28. Now I know a
8 number of dates have been thrown about here in terms of when
9 this application was filed and everything else. The date
10 that I normally would look at is the date that is referenced
11 in the file number, which to my way of thinking suggests
12 this application was filed on November 13, 1991. I see
13 various pieces of paper in reference to November 19th and in
14 reference to November 21.

15 A The one I have here is signed by me on the 12th of
16 November.

17 Q All right. Well, we can take that as a starting
18 point.

19 A Okay.

20 Q Could you describe for us how this application was
21 put together, the process by which it was physically put
22 together?

23 A I am certain that it was prepared by our FCC
24 counsel. But that would have been in cooperation with the
25 bankruptcy counsel. And I am sure they are the ones that

1 put it together.

2 Q Well, with that in mind, I want to take you to
3 what are the numbered pages in terms of the form, FCC 315,
4 page 6, under the heading Transferee's Legal Qualifications.

5 A Yes.

6 Q Then there is a page -- multiple page 7s. So in
7 essence, there are four pages worth of information that
8 include the names of the shareholders of what is going to be
9 Reading Broadcasting, Inc., with a listing of their
10 percentage holdings. Do you see that?

11 A Yes.

12 Q Now what role, if any, did you have in the
13 preparation of this information?

14 A In terms of the calculations of percentages, none.
15 But in terms of the issues of who received what shares, I
16 was involved to the extent of going over the legal issues
17 involved with, as an example, Dr. Auredt's stock, STV
18 Reading, Inc. stock. I don't recall the actual preparation
19 of the stock units, so I don't -- I couldn't tell you.

20 Q Did you have available to you the records that
21 were generated as a result of the stock issuance on October
22 15th?

23 A Oh, yes, yeah. I am not trying to minimize my
24 involvement either. I am just saying I don't specifically
25 recall this document in its preparation stages. But all of

1 the information that is in there, the numbers of shares and
2 so on, I clearly was involved in it, yes.

3 Q Well, let's go back to Adams 24.

4 A Yes.

5 Q Now are there names -- if you know this, if you
6 know this off the top of your head, that's fine. If not, we
7 can take a little time and see if we can discover it. But
8 are there names that appear in Adams 28, who are going to be
9 stockholders in Reading Broadcasting, Inc. who had not
10 received stock on October 15th.

11 To give you an example, as best as I can tell with
12 the comparison I have made, I didn't see stock issuance on
13 October 15th to STV Reading, Inc.

14 A I believe that in fact that it was issued.

15 Q It was issued on October 15th?

16 A Yes. The reason I say that is that it was voted
17 on the 30th, and the stock would have had to have been
18 issued -- it may have been the 17th or the 18th, but --

19 JUDGE SIPPEL: The 30th of what?

20 THE WITNESS: We're talking, I believe, in 1991.

21 MR. SHOOK: Right. Your Honor, what he is
22 referring to is the stockholders meeting that took place on
23 October 30, 1991.

24 And if I heard you, you said the stock of STV,
25 Inc., was voted at that meeting. So it had to have been

1 issued at some time prior to that.

2 THE WITNESS: Yes. And I did see a letter --

3 BY MR. SHOOK:

4 Q Excuse me. It has been pointed out to me that it
5 was issued on October 15th.

6 A Okay.

7 Q Basically, what I am trying to figure out is
8 looking at the application that appears as Adams 28 and the
9 listing of all of the individuals and entities who are going
10 to receive stock, whether any of those had not yet received
11 stock, but they were going to receive it at some point in
12 the future.

13 A I don't believe that was the case. We had that
14 Auredt problem, I think, that we talked about yesterday of
15 the garnishment, which if those shares had been transferred
16 from him in settlement of his other debts outside to the
17 individuals involved, that would have necessitated a
18 transfer of control application.

19 We also had the problem of we were right up --
20 even clearly because we noticed that we were right up
21 against the 50 percent, we couldn't go out and sell stock to
22 build a tower.

23 Those two issues combined, either one of them
24 would have necessitated a long-form transfer. And that
25 was -- we decided that we were better to go back to base

1 zero and start all over because we had told the
2 shareholders, including the ones that switched debt to
3 equity, that we had made the deal with the bank that was
4 different from a normal arrangement with the bank, that even
5 though they pledged their stock as security, they had the
6 right to buy or sell stock.

7 But we were in a position that if anybody bought
8 or sold, and there weren't existing shareholders in the old
9 company, we would have an illegal transfer of control, and
10 we didn't want that to happen.

11 Q What I am getting at or what I am leading for is
12 whether there were some events that took place between
13 October 15th and the filing of this application in November
14 where the stock had actually been issued to enough
15 individuals to cause a change in control in the sense that
16 more than 50 percent of the stock in Reading Broadcasting,
17 Inc. was now held by people who had not previously held
18 stock in Reading Broadcasting, Inc., debtor in possession.

19 A No. That never occurred.

20 Q Now one aspect of this application, Adams 28,
21 which has given us all a certain amount of pause, are the
22 listings of the officers and directors that appear on pages
23 6 and 7 as they are numbered by the form -- in this regard,
24 you see that Dr. Aurandt is listed as a director.

25 A Yes.

1 Q Now as of November 11, or November 13, rather,
2 1991, he was not a director, was he?

3 A Clearly -- and I think we identified that, that
4 this application, when it speaks to the directors at that
5 time, is inaccurate. The only explanation I have for that
6 is I think the lawyers must have picked up the old and we
7 were focused on stock, not on the officers of the
8 corporation. And I signed this application. I was focused
9 on stock. I should have been more -- my fault, pure and
10 simple.

11 Q So your explanation is that you simply overlooked
12 that aspect of the application?

13 A That is correct.

14 Q Now Adams 31 reflects that the Federal
15 Communications Commission granted the transfers from full
16 application that we have been talking about, Adams 28, on
17 February 14, 1992. As I understand it from other testimony
18 and material that I have seen, consummation took place in
19 March of 1992. Could you describe for us what it was that
20 actually occurred in March of 1992?

21 A Well, I guess we reached the end of the checklist.
22 The most difficult are the final -- I don't want to say most
23 difficult. It just ended up getting pushed to the end. The
24 administrative creditors were entitled to be paid in full on
25 the consummation of the plan. And again, the corporation

1 didn't have the money to pay them in full. So a series of
2 agreements were worked out with the administrative
3 creditors, most of whom were the attorneys in these cases,
4 in order to take time payments on their -- I know that is
5 horrible, but we did the time payments on their bills.

6 And we had issued the stock. We had finalized on
7 December 31st the bank agreements. We had obtained the
8 approval of the FCC on the long form. And we had concluded
9 the agreements with all of the administrative creditors. So
10 we were then prepared to tell a bankruptcy court that we had
11 fulfilled the obligations we had under the plan. And that
12 is what led to the final consummation date.

13 Q So the consummation date essentially was the last
14 event in a series of events that had to transpire before the
15 corporation could emerge from bankruptcy?

16 A That is correct. And I'm sure -- it seemed like
17 it was a lot more involved than even what I have described.
18 So I'm sure there were a lot of other events. Those are the
19 ones that stick out in my mind.

20 Q With respect to the transfer of control
21 application and references to new stock ownership, were
22 there any stock shares issued to individuals following the
23 grant of the application by the Commission in February of
24 1992?

25 A Not to my knowledge.

1 Q I'd like you to refer to -- it is Reading
2 Broadcasting's Exhibit 11, the ownership report that was
3 prepared in April of 1992.

4 A Yes.

5 Q What role, if any, did you have in the preparation
6 of this document?

7 A I would have reviewed it and signed it.

8 Q In the course of reviewing it, you didn't take
9 sufficient note of the fact that Mr. Linton was noted as a
10 secretary and a director?

11 A I have to tell you that it is obvious that I
12 didn't pay attention to it. I thought I had it off. I
13 apologize.

14 MR. HUTTON: I can turn it off.

15 THE WITNESS: Okay. I thought I had it off. I
16 apologize to the Court.

17 JUDGE SIPPEL: We're in the year 2000.

18 BY MR. SHOOK:

19 Q And the same would be true with respect to
20 Dr. Auredt being listed as a director?

21 A That is correct. The officers are inaccurate, and
22 directors are inaccurate.

23 Q So your explanation for providing inaccurate
24 information here is that you simply overlooked it?

25 MR. HUTTON: I am going to object to the form. Or

1 I am going to object to the question. It assumes that he
2 provided the information, which I don't think has been
3 shown.

4 MR. SHOOK: Mr. Hutton, the form reflects that
5 Mr. Parker signed this document.

6 JUDGE SIPPEL: I'm going to overrule the objection
7 and address the witness to answer the question.

8 THE WITNESS: I'm sorry. What was the terminology
9 again?

10 BY MR. SHOOK:

11 Q Okay. It appears from this, or your explanation
12 is that you simply overlooked Mr. Linton and Dr. Auredt,
13 Dr. Clymer and Dr. Fischer were incorrectly listed as
14 directors.

15 A I believe Dr. Clymer was a director then.

16 Q Excuse me?

17 A But that it clearly carried through the old board
18 on the document. And I'm the guy responsible; I signed it.
19 But it was inaccurate information, and there was no -- there
20 was clearly no reason for me not to have the right directors
21 listed. But the form is not accurate.

22 Q And your explanation is that this was
23 inadvertence?

24 A That is correct.

25 MR. SHOOK: I'd like to move on to a different

1 subject area.

2 JUDGE SIPPEL: All right. Do you think we can be
3 finished up by noon?

4 MR. SHOOK: Your Honor, I have two subject areas
5 to cover, one of which is relatively brief. And perhaps we
6 could go through that and then take, you know, a lunch break
7 on the early side because the other area may take awhile.

8 JUDGE SIPPEL: Well, let's take the short side
9 first, and let's see where we end up.

10 BY MR. SHOOK:

11 Q Mr. Parker, are you aware that there is an
12 outstanding construction permit held by Reading
13 Broadcasting, Inc., correct?

14 A Yes, I am.

15 Q As I understand it, and correct me if I am wrong,
16 there is a problem in terms of being able to effectuate that
17 permit?

18 A That is correct.

19 Q Could you describe for us what that problem is?

20 A Well, the construction permit is located in Earl
21 Township in the Commonwealth of Pennsylvania. Earl Township
22 has changed its mind on what it will allow.

23 Q You will have to elaborate a little bit on what
24 that is about.

25 A Well, I'll have to go back and give some history.

1 Originally, when we were looking for a new tower site, and
2 in our bankruptcy plan, we outlined that we wanted to move
3 the tower site from its current location in Mount Penn,
4 which overlooks the city of Reading, Pennsylvania, to an
5 area between Reading, Pennsylvania and Philadelphia.
6 Reading, Pennsylvania is on the fringe but is part of the
7 Philadelphia DMA.

8 There is a ridge line between Philadelphia and
9 Reading set here, and there is a ridge line that runs
10 between them with mountains so that the signal on Mount
11 Penn, when it hits that ridge line of mountains, doesn't
12 cover a huge area of Pennsylvania. There are some hill
13 spots and some spots in Philadelphia where you can pick up
14 the signal. But the general populous cannot get their
15 antenna of their station off air in the Philadelphia
16 immediate area.

17 So our plan was to move the tower so that the
18 signal would go both ways, cover Reading and cover
19 Philadelphia. We went -- first we did an engineering study
20 with Lundbean, Latrell & Rackley, which I think most of you
21 know in terms of FCC work, to show us where we could build,
22 and they gave me mostly basically a shaded area that said if
23 I could find a location in that area, that it would work.
24 It would provide a signal to Reading, and it would provide a
25 signal to Philadelphia.

1 ***We then looked for property in that area. We
2 found -- the original permit was for an area on Long Hill.
3 And we worked and got FAA approval. I went to Earl Township
4 and said, look, I want to build a tower, explained to them
5 the projects. And they told me under their zoning laws we
6 were a public utility, although in private ownership we
7 qualified because we were in the broadcast business as a
8 public utility, and therefore we could build in any zone
9 within their township.

10 Well, that was music to our ears, but I have heard
11 that before. And then people object, and you run into
12 problems. So I asked for it in writing, and their city or
13 township solicitor provided us a written document that in
14 fact we were a public utility and could build in their
15 township.

16 And I went, well, yeah, he is the township
17 solicitor, but what happens if he gets fired? So we
18 requested a letter from the township supervisors and
19 obtained that letter, that in fact under their zoning laws
20 we were a public utility and could build wherever we wanted
21 to.

22 As a result of that, we obtained all of the
23 approvals for the Long Hill site. Then the property owner
24 demanded more money and we got into a dispute over the
25 property. And as a result of that, we went out and found

1 a -- we looked at several other pieces of property and
2 finally resolved to build on what we called the Delengthy
3 property. We purchased the property of Reading Broadcasting
4 from Mr. and Mrs. Delengthy, and we currently own that
5 property.

6 We then actually notified the township that we
7 were going to build on that site. Under the letter they had
8 sent us, they asked for a copy of our plans, and we
9 submitted those copies to them. And generally, you go to
10 this township and give them your site plan. And, you know,
11 they are interested in things like drainage and hookups to
12 utilities, road connections, all of those things.

13 We went there to have a meeting with them on that
14 subject. There were about 300 people there. And all of a
15 sudden we weren't there as a courtesy. We were there as if
16 we were applying for zoning. And we pointed out that that
17 wasn't the case. And they said, well, we had to. So we
18 withdrew those plans at the meeting.

19 Q They told you you had to what?

20 A Apply for zoning.

21 Q And the basis for that was what, according to your
22 understanding?

23 A I'm not sure it was at that point or subsequently
24 we were told that we had to -- we couldn't build there, we
25 were not a public utility.

1 Q So that was the basis for the change?

2 A Now what I am saying is we were ready to build,
3 had all the permits, and relied upon their letters. And
4 then they said no, you are not a -- and they hadn't changed
5 any ordinances, they hadn't changed any laws of the
6 township. So we broke ground and began construction on the
7 site, actually had the site cleared, started building. And
8 they went to court, to superior -- it is not called superior
9 court in Pennsylvania. It is older than that. But it is
10 what I would call superior court out in Washington state
11 -- and obtained a temporary restraining order against us.

12 Q Approximately when did that take place? That was
13 a number of years ago.

14 A It has been a number of years ago. We appealed
15 the judge's decision and won at the appeals court. And the
16 supreme court refused to hear it, came back to -- and the
17 appeals court ruled that the judge should take up the matter
18 of whether or not we were a public utility. In his original
19 ruling, he had said Earl Township -- we had to apply to them
20 and they would make that ruling.

21 The court of appeals said no, the judge should
22 make that ruling, and, too, that if in fact we weren't a
23 public utility, then he should take evidence and make a
24 decision based on reliance because in Pennsylvania law, we
25 relied upon the township and could very well build under the

1 reliance doctrine.

2 Those hearings have been held. The judge has not
3 rendered his decision. And I should add that in the interim
4 period, the telecommunications law of 1996, I believe,
5 passed. And in it, there was a provision that television
6 stations needed to obtain a common carrier license for their
7 subcarriers. We were the first TV station in the United
8 States to obtain that permit to operate as a subcarrier
9 under having to be a common carrier.

10 Under Pennsylvania law, I am assured by my
11 attorneys that in fact a common carrier under federal
12 statute is in fact a public utility. And we have made that
13 case to the judge and expect that we will be sustained
14 either by the judge or on appeal to the board of appeals.
15 And hopefully, in the next year, I'll be able to construct a
16 TV --or the new tower.

17 Q So at this moment in time, all the evidence that
18 needs to be submitted to the local judge has been submitted.

19 A Yes.

20 Q The judge is simply --

21 A He is now -- well, not only did we present the
22 evidence, but then he gave both sides time to brief and
23 rebuttal briefs. And all of that has now been submitted to
24 the judge. He then went on a couple of week vacation to
25 Sicily. He is back. I would love to report to you I had

1 the decision today and we were able to go ahead and build.
2 But we are expecting it momentarily.

3 Q So at this point in time, though, zoning approval
4 has not been issued, correct?

5 A Well, I'm not sure zoning approval is the issue.
6 The issue is if we are a public utility, we are entitled to
7 build anywhere. And it doesn't matter what the zoning is.
8 And our reliance theory also relies upon the fact that they
9 told us we were, and we relied upon their interpretation.
10 And their zoning laws, if we are by reliance a public
11 utility, we can build anywhere. So it is not like we have
12 to go through rezone. It is under one theory or the other,
13 we should be able to build.

14 Q Perhaps. But under -- at this point in time, you
15 don't have that approval.

16 A That is correct.

17 MR. SHOOK: Your Honor, the other area that I have
18 could take some time. So I think that we would be better
19 served by breaking now, unless it is --

20 JUDGE SIPPEL: Well, that's fine. Why don't we do
21 that. But we will want to cut it a little bit shorter. It
22 is quarter to 12:00. We'll come back at 1:00 o'clock. You
23 can pick up from there, and we'll move it -- well, you are
24 moving at a very acceptable pace. I'll reserve whether or
25 not Mr. Bechtel's -- you say you have one document you want

1 to clear things up with. You know, we'll consider it after
2 Mr. Shook is finished. But the idea is that we want to move
3 this along rapidly, if we can, within reason.

4 Okay. We are in recess until 1 o'clock by the
5 clock in the back of the room. Thank you.

6 (Whereupon, at 11:45 a.m., a luncheon recess was
7 taken.)

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1 A F T E R N O O N S E S S I O N

2 (1:00 p.m.)

3 JUDGE SIPPEL: We are back on the record. Now,
4 Mr. Shook, are you ready to pick up on the next section?

5 MR. SHOOK: Yes, sir.

6 Whereupon,

7 MICHAEL PARKER

8 having been previously duly sworn, was recalled as
9 a witness and was examined and testified further as follows:

10 CROSS-EXAMINATION (Continued)

11 BY MR. SHOOK:

12 Q Mr. Parker, when the 1989 to 1994 license term
13 began on August 1, 1989, did you have any role at Reading
14 Broadcasting, Inc.?

15 A 1989? Yes. Yes, I believe I did.

16 0 What role was that?

17 A Well, I know we signed the original agreement in
18 May of 1989. And I think by August, I was either executive
19 vice president or president. I can go back and check the
20 record. I was one of the two. But I clearly was in charge
21 of the day to day operations of the station at that point.

22 Q No. That's fine. A particular title is not
23 important. I was more interested in what it was you were
24 actually doing at the station at that time.

25 A In the beginning, by letter with the bank, I was

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